

## Message Text

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21

ACTION PER-03

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E.O. 11652: N/A

TAGS: AFIN/APER/AFSP

SUBJECT: LOCAL EMPLOYEES HEALTH AND MEDICAL BENEFIT PLAN

REF: STATE 139467

SUMMARY: SINCE INITIATION OF THE PLAN SEPTEMBER 1, 1974, VARIOUS MUTUALISTAS (URUGUAYAN HEALTH BENEFIT PLANS) HAVE INCREASED PRICES ERRATICALLY IN VARIOUS MONTHS. OFTEN INCREASES ARE RETROACTIVE TO BEGINNING OF MONTH AND ARE MADE KNOWN ONLY MID-OR LATE THAT SAME MONTH. RATHER THAN COMPUTE, PREPARE, AND REQUEST MONTHLY AGENCY APPROVAL AND MASS PAY INCREASE, POST REQUESTS PERMISSION TO COMPUTE

ALL CHANGES ON A SEMI-ANNUAL BASIS, INCREASING BENEFIT TO EMPLOYEES ON A PERCENTAGE BASIS FOR THE FOLLOWING SIX MONTHS. THIS WOULD RESULT IN GAP OF ONE MONTH WHICH UNDER PRESENT RATE OF INCREASE WOULD BE LOSS TO EMPLOYEE OF 50 TO 250 PESOS, DEPENDING ON NUMBER OF DEPENDENTS. POST REQUESTS IMPLEMENTATION OF CHANGE IN PLAN OF CALCULATION EFFECTIVE JANUARY 1, 1975.

1. REFTEL GRANTED APPROVAL TO PAY 65 PERCENT OF THE AVERAGE COSTS OF 6 MUTUALISTAS (MEDICAL AND HEALTH BENEFIT INSURANCE ORGANIZATIONS) TO LOCAL EMPLOYEES. DUE TO RISING COSTS AND GENERAL INFLATION, MUTUALISTAS COSTS HAVE INCREASED ERRATICALLY. OF THE 6, CASMU INCREASED COSTS IN JUNE, CASE DE GALICIA DURING SEPTEMBER INCREASED COSTS FROM PESOS 6410 TO 7600 AND FROM 6180 TO 7300 FOR ADULTS AND CHILDREN RESPECTIVELY (THIS WAS REFLECTED IN THE EMBASSY FIGURES AND PAYMENT MADE RETROACTIVE); CASMU INCREASED

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COSTS IN OCTOBER FROM PESOS 7580 TO 7730 AND FROM 6870 TO 7020; CASA DE GALICIA, ASOCIACION ESPANOLA, CASNU, AND IMPASA INCREASED COSTS IN NOVEMBER ON AN AVERAGE OF 1,557,50 PESOS FOR ADULTS AND AN AVERAGE OF 1,550 PESOS FOR CHILDREN. THE LATEST INFORMATION, IS THAT CIRCULO CATOLICO PLANS TO INCREASE RATES IN DECEMBER AND THE BRITISH HOSPITAL IS STUDYING A POSSIBLE INCREASE.

2. ACCORDING TO THE TERMS OF THE PRESENT PLAN, IN ORDER TO CONTINUE TO PAY 65 PERCENT OF AVERAGE COSTS OF MUTUALISTS, THE COSTS MUST BE RECOMPUTED EACH MONTH TO REFLECT THE INDIVIDUAL INCREASES. TO DATE, AND WITH NO CAUSE TO ANTICIPATE CHANGE IN THE FUTURE, A MASS PAY ACTION IS REQUIRED TO BE COMPUTED EACH MONTH AND SUBMITTED TO WFC FOR PAYMENT. SINCE INCREASES IN COSTS ARE OFTEN UNKNOWN UNTIL THE MIDDLE OR END OF EACH MONTH, BUT MADE RETROACTIVE TO THE BEGINNING OF THAT MONTH, SUCH MASS PAY ACTIONS WOULD BE RETROACTIVE EACH MONTH. THE COST OF COMPUTATION, PREPARATION, AND IMPLEMENTATION OF SUCH MONTHLY INCREASES SOON OUTWEIGHS THE BENEFITS PAID TO THE EMPLOYEES.

3. IT IS REQUESTED THAT THE POST BE GRANTED PERMISSION TO CALCULATE THE INCREASES ON A SEMI-ANNUAL BASIS BEGINNING JANUARY 1, 1975. PAYMENT OF INCREASES RESULTING DURING OCTOBER AND NOVEMBER WOULD BE CALCULATED AND THOSE FOR DECEMBER PRORATED. PAYMENT OF ESTIMATED AMOUNTS (BASE PAYMENT PLUS A PERCENTAGE BASED ON INCREASES BETWEEN SEPTEMBER AND NOVEMBER) WOULD BE MADE FOR JANUARY THROUGH JUNE, AT WHICH TIME INCREASES BETWEEN DECEMBER AND MAY WOULD BE CONSIDERED. ANY LOSS TO THE EMPLOYEE WOULD BE NIL SINCE INCREASE OF THE HIGHEST PRICED MUTUALISTA (IMPASA) WOULD BE TAKEN INTO ACCOUNT WHEN COMPUTING THE "AVERAGE" FOR THE MONTH OF DECEMBER. THE BENEFIT TO THE U.S. GOVERNMENT WOULD BE MINIMAL USE OF MAN AND MACHINE POWER TO EFFECT COMPUTATION AND PAYMENT OF THE BENEFIT.

4. REPRESENTATIVES OF ALL U.S. GOVERNMENT AGENCIES AT POST HAVE AGREED TO THE ABOVE PLAN.

5. GDS. SIRACUSA

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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